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INFO RUCNASE/ASEAN MEMBER COLLECTIVE PRIORITY  
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S E C R E T SECTION 01 OF 04 KUALA LUMPUR 000364

SIPDIS

FOR EAP AND INR

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TAGS: [PGOV](#) [PREL](#) [PINR](#) [MARR](#) [ECON](#) [KDEM](#) [MY](#)  
SUBJECT: MALAYSIA ON EDGE OR STABILIZING? DAS MARCIEL'S MAY  
5-7 VISIT

REF: A. KUALA LUMPUR 355 - BLOGGER CHARGED  
[1](#)B. KUALA LUMPUR 340 - MALAYSIA'S FLUID SCENE

Classified By: Political Section Chief Mark D. Clark, reason 1.4 (b and  
d).

Summary  
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[1](#)1. (S) Senior Malaysian government officials and opposition politicians discussed Prime Minister Abdullah's struggle to remain in power and prospects for the strengthened opposition during EAP DAS Marciel's May 5-7 visit to Kuala Lumpur, while DAS Marciel also addressed the Burma crisis and his ASEAN ambassadorial role. Senior officials close to PM Abdullah described a political situation that was stabilizing with the opening of Parliament, though risks to Abdullah remained. On the other hand, two cabinet officials warned of potential inter-racial conflict and defended the retention and use of powerful security laws to maintain stability. DAS Marciel noted the U.S. would differentiate between use of such laws for serious security matters and use for political reasons. A deputy minister discussed plans to overturn opposition governments in two states. Opposition leader Anwar Ibrahim claimed his Peoples Alliance had a "realistic" opportunity to replace PM Abdullah's government through defection of government MPs, but would not do so immediately, while opposition MPs spoke more tentatively about such a move. Anwar expressed concern that military intelligence could act against him. Opposition MPs described their alliance as based on good governance, with PAS setting aside its "Islamic state" agenda.

[1](#)2. (SBU) In his official meetings and media events, DAS Marciel raised attention to the Cyclone Nargis disaster in Burma, the U.S. desire to provide relief, and the urgent need for access to deliver emergency supplies. DAS Marciel also urged greater official contacts between the U.S. and Malaysia, including with Congress. Malaysians across the board expressed active interest in DAS Marciel's newly confirmed role as Ambassador for ASEAN Affairs. DAS Marciel conducted a press conference and a live television interview on Al Jazeera focused on the humanitarian crisis in Burma.  
End Summary.

PM Aide - Situation Stabilizing  
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[1](#)3. (C) Kamal Khalid, Prime Minister Abdullah Badawi's communications chief, in a meeting with Ambassador Keith and DAS Marciel, said the political situation was "stabilizing" two months after the national election. The immediate election aftermath and the run-up to the April 29 opening of Parliament had been tense with pressure with the United Malays National Organization (UMNO) party for Abdullah to

step down and concerns that Anwar Ibrahim and opposition parties had recruited 30 MPs to cross over and bring down the National Front (BN) government. With Parliament now in session and functioning under BN leadership, Abdullah had reached a milestone.

14. (C) There still remained a risk that Abdullah would be forced out, Kamal added, but "Abdullah has a better than even chance" of remaining UMNO president and Prime Minister. Of major contenders to replace Abdullah, Deputy Prime Minister Najib remained very loyal, exhibiting "no sign he will stab his boss in the back," and Tengku Razaleigh represented the past, not the future of UMNO. Kamal noted that Malaysia had dealt with the March 8 electoral shock in a mature fashion. Malaysia would remain stable whether under Abdullah's continued leadership or another UMNO leader, or even in the event the opposition alliance forms the government. The Ambassador and DAS Marciel commended the Prime Minister's announcement of intended reforms to strengthen the judiciary and the Anti-Corruption Agency.

Nazri: Parliament Getting Down to Business  
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15. (C) De facto Minister for parliamentary affairs Nazri Aziz told Ambassador Keith and DAS Marciel that the BN's electoral set-back was good for the governing coalition because it would help reform UMNO and its partners, correct the arrogance that resulted from 50 years in power, and institute more checks and balances. Parliament was settling down into normalcy following the chaotic "market scene" on the first working session. Public disappointment with the

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MPs' unseemly performance, shown live on television, had quieted down their behavior. Live broadcasts would continue and eventually might be expanded from 30 to 90 minutes. Such coverage would give the opposition less chance to manipulate information and reduce the public's attraction to alternative media often sympathetic to the opposition.

16. (C) Nazri said the Prime Minister's announced justice sector reforms represented BN's parliamentary priorities, and would be tackled in the next parliamentary session (June-July). These included a public complaints commission for law enforcement agency matters. Changes to the Anti-Corruption Agency would require a constitutional amendment, and the opposition (whose votes are needed given that BN no longer has a two-thirds majority) likely would support this amendment. Unfortunately for UMNO, the Prime Minister "is not so politically savvy," and did not announce such popular reforms prior to the national elections. Abdullah's reforms would not extend to elimination of laws such as the Printing Act (requiring licensing of newspapers, among other matters), the Sedition Act and the Internal Security Act (ISA), laws which Nazri said, "I hold dear to my heart." Malaysia required such legal measures to maintain inter-racial harmony and guard against Muslim "extremists."

17. (C) DAS Marciel commended live television coverage of Parliament as a good step for transparency. DAS Marciel strongly encouraged greater contacts between Parliament and the U.S. Congress, and Nazri agreed, noting that concrete steps might wait until after the U.S. elections. Nazri said Malaysia should be more visible in dealing with the United States to highlight the good relations and counteract rumors of U.S. support and funding to opposition leader Anwar Ibrahim.

Deputy Minister Warns of Racial Conflict, Defends ISA  
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18. (C) Deputy Home Minister Wan Farid, who is closely associated with PM Abdullah and his son-in-law Khairy Jamaluddin, told DAS Marciel that BN was adjusting to the strengthened opposition in Parliament, emphasizing that BN

still held a comfortable majority. In contrast, the opposition's hold on several states was precarious. In Perak state, the opposition held only a three-seat advantage and BN believed it could overturn the state government by recruiting several state assemblymen from Anwar Ibrahim's Peoples Justice Party (PKR). After retaking Perak, BN would look for opposition vulnerabilities in Selangor state. Opposition control in Penang, Kedah and Kelantan seemed unassailable until the next election.

¶9. (C) In response to DAS Marciel's question, Wan Farid said preventing inter-racial conflict represented the most pressing concern for internal security. While Malaysia appeared calm, beneath the surface current racial tensions were a serious matter and could erupt like the 1969 race riots. The government had used the ISA to imprison without trial the ethnic Indian leaders of the Hindu Rights Action Front (HINDRAF) in December 2007 because their actions posed a threat to racial harmony. Likewise in April the government briefly closed down a Tamil newspaper for inciting racial tensions. Wan Farid indicated the government's decision to pursue sedition charges against two bloggers was a warning against irresponsible internet commentary (ref A).

¶10. (C) DAS Marciel told Wan Farid the U.S. would strongly differentiate between Malaysia using ISA preventive detention against persons who credibly pose an imminent danger, like suspected terrorists, and those jailed for apparent political reasons. He noted the ISA detention of HINDRAF leaders had attracted U.S. criticism and harmed Malaysia's international reputation. Wan Farid remained unapologetic on use of the ISA.

Anwar: Realistic that Opposition Topples BN  
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¶11. (S) De facto opposition leader Anwar Ibrahim claimed during a meeting with Ambassador Keith and DAS Marciel that the opposition Peoples Alliance had a "realistic" opportunity to topple PM Abdullah's government by bringing over 30 or more BN MPs for a no-confidence vote in Parliament. The government had a list of 24 MPs who are prepared to switch to the opposition, while the number in fact was more than 30. Anwar indicated that most of the would-be defectors were from East Malaysia, but there also were several UMNO MPs from the

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Peninsula. He had flown to Hong Kong the weekend of May 3-4 to speak with some of these parliamentarians because it was impossible to meet within Malaysia. Anwar welcomed BN's appointment of a Sabah MP, Pandikar Amin Mulia, as parliament speaker, indicating he could be useful to the opposition. Despite urgings to move quickly, Anwar would not call for the no-confidence vote during the current parliamentary session (April 28-May 27), but might do so later in the year. He decided to "go slow" in pressuring PM Abdullah, in part to avoid an ethnic Malay backlash given that Malay political power had been "diluted" in several opposition-held states. In this light, statements by the Chinese-dominated Democratic Action Party (DAP) calling for an end to Malay preferences and criticizing Malay traditional rulers were not politically astute.

¶12. (C) Anwar acknowledged that a no-confidence vote could result in the Prime Minister advising the King to call new elections. More likely, the King would agree to Wan Azizah (opposition leader in Parliament and Anwar's wife) forming a new government, but either outcome would benefit the Peoples Alliance. Anwar claimed that he was not in a rush to run for parliament via a by-election, and gave no timeframe for doing so. Anwar recognized the resurgent role of the Royals; this could strengthen checks and balances in the system, or could be negative if the traditional rulers became "too political." Anwar commented on his good relations with DAP leader Lim Guan Eng and Malaysian Islamic Party (PAS) president Hadi Awang, noting that Hadi's Islamist stance had "moderated

quite a bit." Anwar said he maintained lines of communication to PM Abdullah, but had had very little exchange with DPM Najib, who remained closely connected to former Prime Minister Mahathir.

¶13. (S) Anwar said that approximately one week prior to the March 8 vote he had received a "tip-off" from a source in Malaysian military intelligence that government polling had shown the opposition with 48 percent support among voters, a result that sent BN into a "panic." As a consequence, the government at the last minute canceled plans to use indelible ink for voters' fingers, allowing more opportunity for voter fraud. The source also allegedly warned Anwar about his personal security. Anwar stated that he was more concerned about military intelligence acting against him, rather than the police Special Branch (internal intelligence), because the military was less in tune with public sentiment that was sympathetic toward the opposition. Special Branch, including its rank-in-file, was less likely to support a harsh crackdown on the opposition. (Comment: DPM Najib, who is a major Anwar foe, is also Defense Minister, which may help account for Anwar's deeper distrust of military intelligence. There are indications that military intelligence is developing a greater focus on domestic political matters. End Comment.)

¶14. (C) The Ambassador and DAS Marciel engaged Anwar on his foreign policy views, providing factual corrections to Anwar's statement defending Iran's participation at a recent arms show. Anwar conceded that his arms show comments were motivated in part by his desire to defend himself against charges he was a U.S. agent. Anwar commented on the need for dialogue with Iran and resolution of the Palestine question. Anwar said he favored a Free Trade Agreement with the U.S. (Comment: A recent statement by Wan Azizah as opposition leader in Parliament condemned the U.S. presence in Iraq and called for recognition of Hamas as the legitimate representative of the Palestinians. End Comment.)

#### Opposition MPs on their Alliance

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¶15. (C) The DCM hosted a lunch for DAS Marciel with MPs drawn from the three opposition parties: PKR Vice President Sivarama Rasiah, PAS party strategist Zulkifli Ahmad, and DAP party strategist Liew Chin Tong. The MPs described the basis of their alliance in terms of good governance. Zulkifli said PAS was not acting on its long-held goal of promoting an Islamic state (something antithetical to DAP's views), but focused instead on upholding the 1957 Constitution. DAP's Chin Tong confided that senior DAP leaders needed to adjust their pronouncements to avoid unnecessary inter-ethnic friction. Asked about the possible recruitment of 30 BN MPs in order to bring down the government, all three parliamentarians were cautious and agreed on the political necessity of several UMNO MPs joining such a cross over, ideally with the UMNO members making the initial announcement. Chin Tong remarked nervously that Anwar

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Ibrahim's public comments were a bit of a "bluff." Zulkifli, a former ISA detainee, expressed disappointment that earlier in the day the opposition had failed to table a motion to abolish ISA. All three identified Anwar Ibrahim as the key to holding together the Peoples Alliance.

#### DAS Marciel Urges Greater U.S.-Malaysia Contacts

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¶16. (SBU) Throughout all of his official meetings, DAS Marciel highlighted the need for greater contacts and communication between Malaysian and U.S. officials. In his discussion with Foreign Ministry Deputy Secretary General Othman Hashim and Senior Under Secretary Zainuddin Yahya, DAS Marciel stated U.S. commitment to negotiating the FTA; emphasized the importance of compliance with UNSCRs on Iran;

commended Malaysia for passing and initial implementation of an anti-trafficking law; and urged formal recognition of Kosovo. With Othman Abdul Razak, the Malaysian facilitator of the Philippines - Moro Islamic Liberation Front (MILF) peace talks, DAS Marciel highlighted U.S. support for progress in the negotiations. Othman reconfirmed Malaysia's plans to withdraw cease-fire monitors, but said Malaysia intended to continue its facilitation of the negotiations.

#### Burma and ASEAN Ambassador Role

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¶17. (SBU) Throughout his visit DAS Marciel raised the natural disaster in Burma, the U.S. desire to provide unconditional humanitarian relief, and the urgent need for international access to deliver supplies. Malaysians across the board expressed active interest in DAS Marciel's newly confirmed role as Ambassador for ASEAN Affairs, with many remarking positively that this demonstrated increased U.S. attention to the regional body. (Comment: This reaction provided a clear indication of the importance Malaysians attach to symbolic as well as substantive measures related to ASEAN. End Comment.)

#### Media Engagement

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¶18. (U) DAS Marciel conducted a press conference with 25 local and international journalists focused on his new function as ASEAN Ambassador and the humanitarian crisis in Burma. DAS Marciel also participated in a live television interview focused on Burma during Al Jazeera's world news broadcast. DAS Marciel conveyed to millions of international viewers the U.S. deep concern for the victims of Cyclone Nargis and our desire to urgently provide needed relief supplies.

¶19. (U) DAS Marciel did not have an opportunity to clear this message.  
KEITH